

HOUSE BILL 415

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P1

2004 Regular Session  
(4lr0531)

*ENROLLED BILL*  
*-- Appropriations/Budget and Taxation --*

Introduced by **Delegates Vaughn, C. Davis, Fulton, Goodwin, Kelley, Love, Moe, Oaks, Ramirez, and Taylor**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2  
3  
4

**State Treasurer – Selection of Financial Institutions**  
**Task Force on Lending Equity within Financial Institutions Providing State**  
**Depository Services**

5 FOR the purpose of ~~requiring certain financial institutions to submit a certain report~~  
6 ~~to the Commissioner of Financial Regulation and the State Treasurer; specifying~~  
7 ~~the contents of the report; altering the criteria the State Treasurer must~~  
8 ~~consider prior to selecting a financial institution as a depository to include the~~  
9 ~~extent of commercial loans made to certain minority business enterprises;~~  
10 ~~prohibiting the State Treasurer from selecting certain financial institutions as~~  
11 ~~depositories; and generally relating to the selection of a financial institution as~~  
12 ~~a depository by the State Treasurer~~ establishing a Task Force on Lending  
13 Equity within Financial Institutions Providing State Depository Services;  
14 providing for the purpose of the Task Force; providing for the composition,  
15 co-chairmen, and staff of the Task Force; providing that the members of the  
16 Task Force may not receive compensation, but may be reimbursed for certain

1 expenses; providing for the duties of the Task Force; requiring the Task Force to  
 2 submit certain reports to the Governor and to the General Assembly on or before  
 3 certain dates; providing for the termination of this Act; *defining certain terms;*  
 4 and generally relating to the Task Force on Lending Equity within Financial  
 5 Institutions Providing State Depository Services.

6 ~~BY adding to~~  
 7 ~~Article Financial Institutions~~  
 8 ~~Section 1-207~~  
 9 ~~Annotated Code of Maryland~~  
 10 ~~(2003 Replacement Volume)~~

11 ~~BY repealing and reenacting, with amendments,~~  
 12 ~~Article State Finance and Procurement~~  
 13 ~~Section 6-207~~  
 14 ~~Annotated Code of Maryland~~  
 15 ~~(2001 Replacement Volume and 2003 Supplement)~~

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
 17 MARYLAND, That the Laws of Maryland read as follows:

18 (a) ~~(1)~~ (1) In this Act, the following words have the meanings indicated:

19 (i) "minority Minority business enterprise" means any legal entity,  
 20 except a joint venture, that is:

21 (i) 1. organized to engage in commercial transactions;

22 (ii) 2. at least 51% owned and controlled by one or more  
 23 individuals who are socially and economically disadvantaged; and

24 (iii) 3. managed by, and the daily business operations of which  
 25 are controlled by, one or more of the socially and economically disadvantaged  
 26 individuals who own it.

27 ~~(2)~~ (ii) "Minority business enterprise" includes a not for profit entity  
 28 organized to promote the interests of physically or mentally disabled individuals.

29 (2) "Lending equity policy" means a policy that links the performance of a  
 30 financial institution in providing adequate access to credit and capital for minority  
 31 business enterprises with the selection of the financial institution as a depository.

32 (b) There is a Task Force on Lending Equity within Financial Institutions  
 33 Providing State Depository Services.

34 (c) The purpose of the Task Force is to:

1           (1)     develop meaningful criteria for evaluating minority business  
2 enterprises' access to credit and capital from financial institutions providing or  
3 desiring to provide depository services to the State; and

4           (2)     advise the State Treasurer on developing *additional or supplemental*  
5 criteria to ~~guide~~ *be considered* in the selection of a financial institution as a  
6 depository.

7       (d)     The Task Force consists of the following members:

8           (1)     two members of the Senate of Maryland, appointed by the President  
9 of the Senate;

10          (2)     two members of the House of Delegates, appointed by the Speaker of  
11 the House;

12          (3)     the State Treasurer or the Treasurer's designee;

13          (4)     the Commissioner of Financial Regulation or the Commissioner's  
14 designee;

15          (5)     one representative of the Governor's Office of Minority Affairs,  
16 appointed by the Governor;

17          (6)     one representative of the Governor's Council for Historically  
18 Underutilized Businesses, appointed by the Governor;

19          (7)     one representative of the Governor's Task Force on Centralized  
20 Bidder Registration for Minority Business Procurement, appointed by the Governor;

21          (8)     two representatives of the banking industry, appointed by the  
22 Maryland Bankers Association;

23          (9)     two owners of a minority business enterprise, appointed by the  
24 Governor;

25          (10)    one representative of the commercial insurance bonding industry,  
26 appointed by the Governor; and

27          (11)    one member of the public with State and national experience in  
28 financial regulation and fair lending practices, appointed by the Governor.

29       (e)     The President of the Senate and the Speaker of the House shall jointly  
30 appoint co-chairmen from among the Senate and House members appointed to the  
31 Task Force.

32       (f)     The Treasurer's Office and the Department of Legislative Services shall  
33 jointly provide staff for the Task Force.

1 (g) A member of the Task Force may not receive compensation for serving on  
 2 the Task Force, but is entitled to reimbursement for expenses under the Standard  
 3 State Travel Regulations, as provided in the State budget.

4 (h) The Task Force shall:

5 (1) identify appropriate data, such as a State Centralized Bidder  
 6 Registration Number, that would demonstrate whether financial institutions are  
 7 providing adequate access to credit and capital for minority business enterprises;

8 (2) advise the State Treasurer in developing *additional or supplemental*  
 9 criteria ~~for to be considered~~ in the selection of a financial institution as a depository  
 10 that ensures that such institutions provide adequate opportunities for access to credit  
 11 and capital for minority business enterprises; and

12 (3) develop a strategy to implement a ~~linked deposit program~~ *lending*  
 13 *equity policy*, which may incorporate the findings of the Governor's Task Force on  
 14 Centralized Bidder Registration for Minority Business Procurement.

15 (i) (1) The Task Force shall submit reports, in accordance with paragraph  
 16 (2) of this subsection, on its findings and recommendations to the Governor, and, in  
 17 accordance with § 2-1246 of the State Government Article, to the General Assembly.

18 (2) The Task Force shall submit:

19 (i) an interim report, on or before December 1, 2004, that defines a  
 20 strategy to implement a ~~linked deposit program~~ *lending equity policy* and may  
 21 incorporate the findings of the Governor's Task Force on Centralized Bidder  
 22 Registration for Minority Business Procurement; and

23 (ii) a final report on or before September 1, 2005.

24 **~~Article – Financial Institutions~~**

25 ~~1-207.~~

26 ~~(A) THE COMMISSIONER SHALL REQUIRE EACH BANKING INSTITUTION,~~  
 27 ~~NATIONAL BANKING ASSOCIATION, OR OTHER STATE BANK SUBJECT TO~~  
 28 ~~REGULATION BY THE STATE TO SUBMIT TO THE COMMISSIONER AND THE STATE~~  
 29 ~~TREASURER A VERIFIABLE ANNUAL REPORT ON HIGHER EDUCATION LOANS AS~~  
 30 ~~DESCRIBED UNDER TITLE 18, SUBTITLE 10 OF THE EDUCATION ARTICLE AND~~  
 31 ~~COMMERCIAL LOANS TO MINORITY BUSINESS ENTERPRISES AS DESCRIBED UNDER~~  
 32 ~~TITLE 14, SUBTITLE 3 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.~~

33 ~~(B) THE ANNUAL REPORT SHALL INCLUDE:~~

34 ~~(1) THE TOTAL NUMBER OF HIGHER EDUCATION LOAN APPLICATIONS~~  
 35 ~~THE INSTITUTION RECEIVED AND PROCESSED FOR THE YEAR;~~



